

GLOBAL PERCEPTIONS OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) INVESTING 2017



Global members share their views on how Environmental, Social, and Governance (ESG) issues influence the investment process. For additional information, see www.cfainstitute.org/ESG

METHODOLOGY:

Sample size: 1,588

Survey response rate: 3%

Margin of error: +/- 2.4%

Respondent profile:

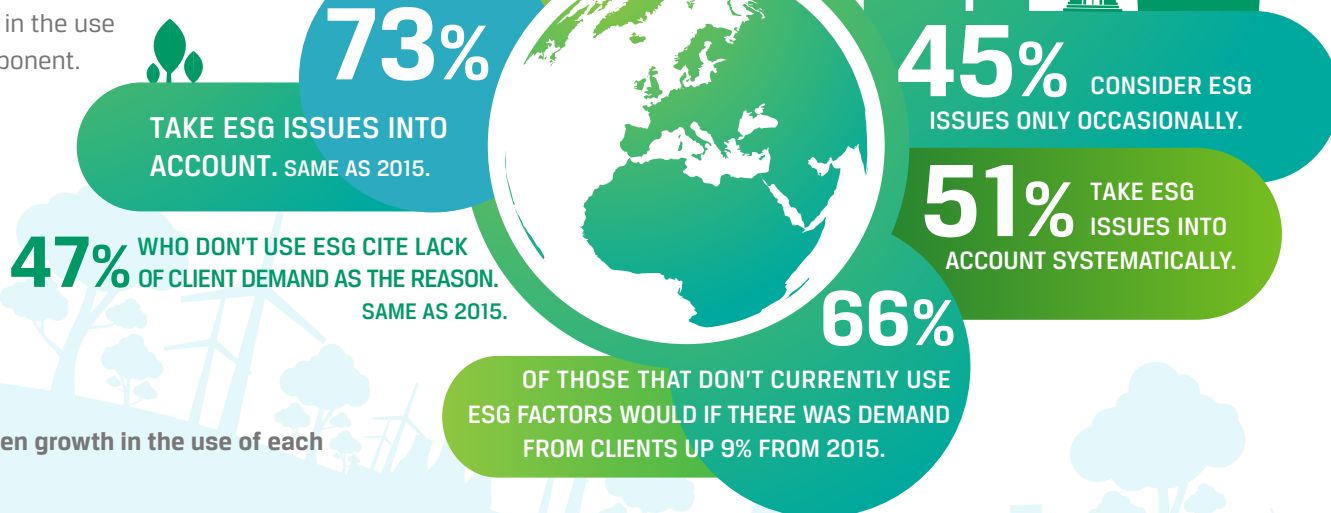
- Region: 64% from the Americas, 23% from EMEA, 13% from APAC
 - Primary asset base: 42% primarily deal with institutional clients, 30% private clients, 18% both, 10% not applicable
 - Gender: 84% men, 16% women
- Survey time frame: 9–23 May 2017



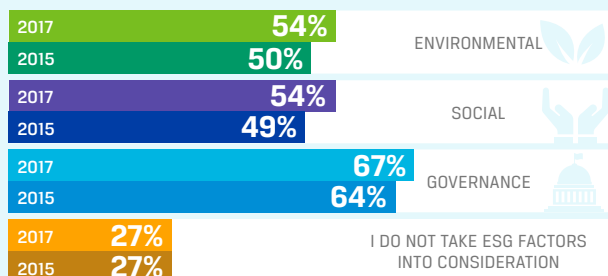
CFA Institute

HOW ESG INFLUENCES THE INVESTMENT PROCESS:

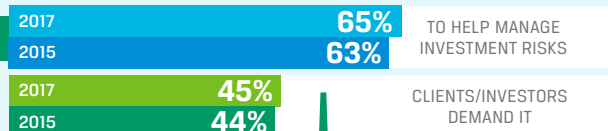
Client demand is the primary driver in ESG investing with most respondents saying they would consider ESG if there was sufficient demand. Although those considering ESG remains the same overall, there has been growth in the use of each component.



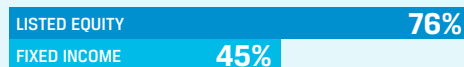
There has been growth in the use of each E, S, and G.



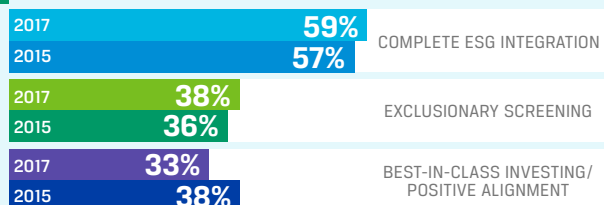
Risk analysis and client demand were the main reasons to take ESG integration into consideration.



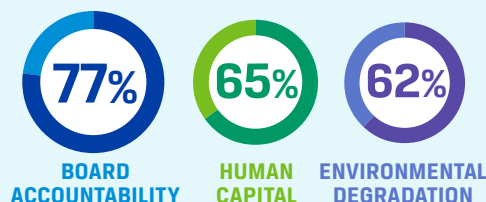
Of those that practice ESG integration, it is more commonly done with equities versus fixed income.



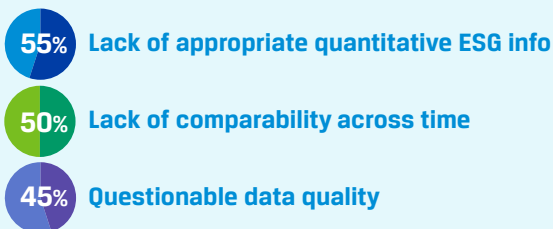
While the most common use of ESG in the investment process is still integrating it into the whole investment analysis and decision-making process, there was an uptick in exclusionary screening that was offset by a slight decrease in best-in-class investing since 2015.



When examining ESG investing practices, the most impactful issues are:

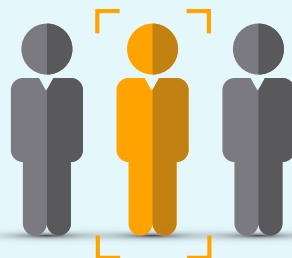


Further, the biggest factors that limit the ability to use non-financial information include:



61% agree that public companies should be required to report on ESG indicators. Same as 2015.

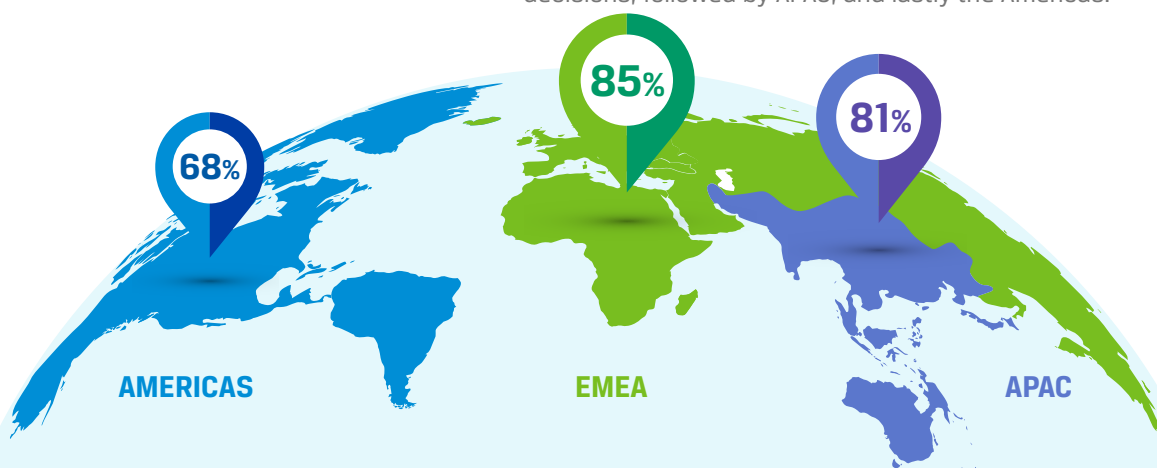
Training in ESG is rare
Only about one in three said employees receive training on ESG, up from 28% in 2015.



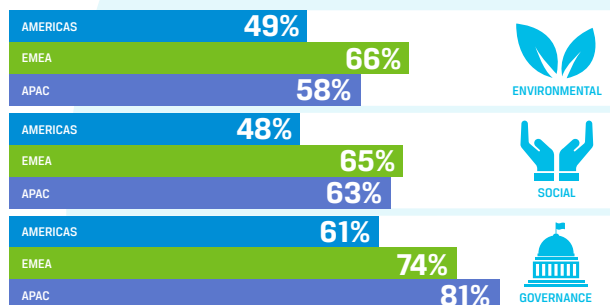
50% now think it is necessary to have a high-assurance, audit-quality independent verification process to verify ESG disclosures, up 6% from 2015.

HOW ESG INVESTING VARIES ACROSS REGIONS:

Investment professionals in EMEA are most likely to take ESG issues into account in their investment analysis and decisions, followed by APAC, and lastly the Americas.

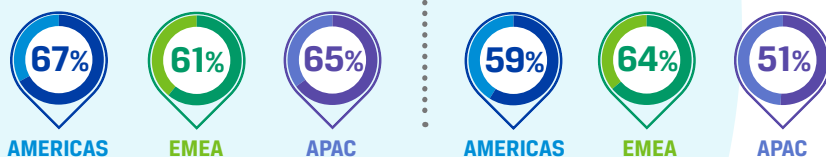


Takes ESG into account:

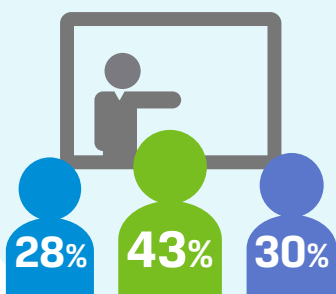


A consistent theme among respondents across regions was that client demand drives the issue of ESG in the investment process:

Investment professionals worldwide also agree that ESG *integration* is the most effective strategy for using ESG factors:



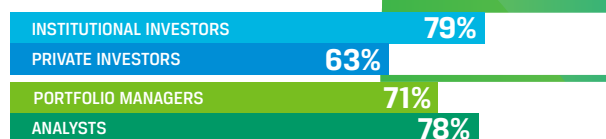
Respondents are much more likely to get ESG training in **EMEA** than in the **Americas** and **APAC**.



HOW DIFFERENT TYPES OF INVESTMENT PROFESSIONALS VIEW ESG INVESTING:

While institutional investors are more likely than private investors to take ESG into consideration, the difference between portfolio managers and analysts is less pronounced.

Considers ESG in investment decisions:



GENERATIONAL DIFFERENCES:

Younger generations are more likely to consider ESG:

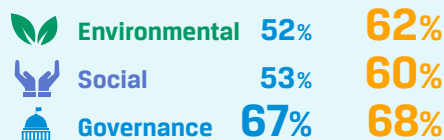


GENDER DIFFERENCES:

Women are more likely than men to include ESG data in their investment process.

62% of **women** and **49%** of **men** systematically consider ESG issues in their investment analysis.

46% **men** vs. **18%** **women** say ESG issues are immaterial or add no value to investment analysis or decisions.



Those who consider ESG in investing put different emphasis on the components.



CFA Institute